



Money Basics for College Grads

With commencement season just around the corner, it is time to start thinking about managing your finances now that you will be on your own. Here are a few tips to help you learn the basics of money management when you're just starting out. If you're not a graduate, but you happen to be a well-wishing parent, these tips will arm you with the tools you need to guide your grad in the right financial direction.

Q. Do I really need a budget?

A. Yes. When you're just starting out, you face many new expenses such as rent, student loans, utilities and transportation. You'll need a budget to make sure you have enough money to go around. Start by tracking everything you spend for one month. Once you know what you are spending, you can begin to find areas where you can use your money more wisely.

Q. What's the best type of credit card for me?

A. Just as you shop for the best buy on jeans or sports equipment, you can shop for the most affordable credit card as well. If you plan to pay off your bill each month, take the card with no annual fee and a higher interest rate. You won't be charged interest as long as you don't carry a balance. If you think you may carry a balance from month to month, find a card with a low interest rate. Ideally, look for a card that also has no annual fee.

Q. I applied for a credit card but got turned down because I don't have any credit. How can I build a credit report from scratch?

A. It may be difficult to get credit until you have a history of repaying credit. A great way to start building a credit history is to apply for a secured credit card. With this card, the issuer allows you to deposit a certain amount of money, say \$300, and in return they provide you a credit card with a limit of \$300. A secured credit card may have a higher interest rate or annual fee, so be cautious about carrying balances from month to month. Another good option is to take out a secured personal loan from your credit union. The interest rate will be reasonable and making timely payments will establish positive payment history with the credit bureaus.

Q. Is my credit score really that important?

A. Yes. A credit score is a number lenders use to help them decide if you're creditworthy and can be trusted to pay back

your debts. Your credit score can play a role in your ability to rent an apartment, qualify for a loan or even get a job. It can also affect how much you'll pay on interest charges, insurance or cell phone contracts. Paying your bills on time each month is the single most important thing you can do to maintain a high credit score.

Q. I'm graduating with a mound of credit card debt. Do you have any advice?

A. You're not alone. According to Sallie Mae, the average college graduate starts out with more than \$3,000 of credit card debt. Your first step is to get back in the black by putting your credit cards away so you're not tempted to charge even more. Then, look for ways to cut your spending and use the cash to pay off your debt sooner. Get in the habit of spending less than you earn. It's a valuable discipline that will serve you well throughout your life!

Q. As long as I make the minimum payment on my credit cards, I'm okay, right?

A. Wrong. Credit can be expensive if it is not used wisely. For example, if you purchase a \$500 TV on a credit card with an 18% interest rate, and you make a minimum payment of 2% or \$10 each month, you are actually paying \$931 for the item, taking you eight years to pay it off. In order to minimize your costs, save before making a purchase to put a larger down payment on the item and/or make larger than minimum payments each month after the purchase. Ideally, you should not spend more on your credit cards than you are able to pay in full the following month.

Q. I have some cash to put in savings. Where exactly should I keep it?

A. You should aim to have enough money on-hand in an emergency savings account to cover three to six months' worth of living expenses. An emergency savings is generally kept in an interest-bearing savings account or money market mutual fund. Check with your credit union to determine the best option for you. An emergency savings account is designed for purchases such as an unexpected car repair or medical bill, not regular monthly expenses. Create your emergency savings before you begin investing for other financial goals.

Top 5 Yard Sale Strategies

It's time for that all-American tradition: the yard sale. Here are five tips to turn unwanted items into big profits according to *Smartmoney.com*.

1. How to Price

Bargain hunters scan garage sales for mispriced items only to turn around and resell them at a higher cost on eBay. Use eBay to determine the going rate, then price your items accordingly. Also, shoppers are looking for bargains, so you might consider marking the price tag for slightly more to allow for haggling.

2. Team Up

Talk to your friends, neighbors and family members about hosting your sales on the same day. Bargain hunters like to hit as many sales as possible, so your multi-family sale will be high on their list.

3. Timing is Everything

In the summer, Saturday is the best day for a yard sale. It may not be a good idea to hold a multi-day sale, even

if you have a lot of stuff, because shoppers presume the good things are gone by the second day. Also, avoid holiday weekends, when many people are busy.

4. Advertise

A week or two before your sale date, submit classified ads to your local newspapers or post ads online at Yard Sale Portal or Craigslist. Be sure to put up fliers in public areas and place signs on street corners to direct people to your home.

5. Set Up Shop

Your sale area should be enticing to customers: well-organized with enough room to navigate the aisles and easily reach tables. Separate your items into different departments to make things easier to find.

Summer Travel on a Budget

Planning to travel this summer? Here are some tips to help you hold down costs and stretch your travel dollars on your next trip.

1. Book your trip early. Not only do some popular flights sell out during the summer months, but you will find better deals on hotels, airfares and rental cars. The longer you wait, the more expensive your trip may become.
2. Consider alternatives to a hotel, such as renting a cabin at a state park or family camp. These family friendly options also offer inexpensive activities, such as hiking, fishing, biking, and even golfing.
3. Some airlines charge \$15 for the first checked bag and \$25 for the second, each way. Make sure you include this fee into the price of your ticket when shopping for airfare.
4. It pays to travel light. Airlines typically charge between \$50 and \$150 if a bag weights more than 50 pounds. If it's also oversized, you'll pay another \$100 to \$150 per bag on top of that.

5. Improve your gas mileage on a road trip by switching on the cruise control and slowing down. Smoother rides with less pedal pushing can save up to 37% in fuel economy, according to *Edmunds.com*.



6. If you are planning a trip overseas, you will find a better exchange rate if you use your credit card. However, make sure you use a credit card that won't charge you an extra 1 to 3 percent currency conversion fee.
7. Travel is cheaper in the off-season. Summer is the most inexpensive time to visit places like ski resorts, the Caribbean, southern Florida and Australia. Not only will you save money on lodging and attractions, you'll avoid the crowds.
8. If you turn in your rental car late, you could pay an hourly rate or even a full day extra. Most car-rental companies only give a 29-minute grace period for returns, so remember to watch the clock.